

Message Text

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PAGE 01 VALLET 00212 311622Z

44

ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-10 PA-04 PRS-01 SS-20 USIA-15 SAM-01 DRC-01 /177 W
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R 311517Z JAN 74

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 5206

INFO USDOC WASHDC

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TRIPOLI

USMISSION ANTO

AMEMBASSY CANBERRA

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: EFIN, MT, IT , LY, AS

SUBJ: COMMERCIAL BANK CRISIS-BANK OF VALLETTA

REF: A. VALLETTA 138 (NOTAL) B.VALLETTA A-206, DEC 18, 1973(NOTAL)

1. DURING DEBATE ON A BILL TO AMEND THE 1974 TEMPORARY
PROVISION ACT RELATING TO THE NATIONAL AND TAGLIAFERRO
BANK GROUP (SEE REF B), PRIME MINISTER MINTOFF PRO-
VIDED AN ACCOUNT OF GOM NEGOTIATIONS WITH VARIOUS
INTERNATIONAL BANKS AIMED AT REVIVING THE NATIONAL
BANK GROUP.

2. MINTOFF REFERRED TO THE BARCLAY'S BANK OFFER TO
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PAGE 02 VALLET 00212 311622Z

JOIN WITH GOM IN TAKING OVER THE NATIONAL BANK GROUP.

HE SAID BARCLAY'S HAD SUGGESTED, HOWEVER, THAT GOM SEE IF ANY OTHER BANKS WERE INTERESTED SINCE THEY WOULD HAVE A VIRTUAL MONOPOLY IN THE COMMERCIAL BANKING FIELD IF THEY TOOK OVER THE NATIONAL BANK GROUP. MINTOFF ADDED THAT NEGOTIATIONS WITH THE BRITISH MIDLANDS BANK AND THE STANDARD BANK WERE ALSO WITH SUCCESS.

3. TALKS HAVE SINCE BEEN HELD WITH AN AUSTRALIAN-AMERICAN GROUP, THE BANK OF LIBYA, AND THE BANCO DI ROMA. MINTOFF SAID AGREEMENT HAD BEEN REACHED WITH MR. J. WRIGHT REPRESENTING THE AUSTRALIAN-AMERICAN GROUP. UNDER THIS AGREEMENT, WRIGHT'S CONSORTIUM WOULD CONTRIBUTE 3 MILLION POUNDS, AND AN ADDITIONAL 2.5 MILLION POUNDS WOULD BE CONTRIBUTED BY GOM. THE AUSTRALIAN-AMERICAN GROUP WOULD OWN 40 PERCENT OF THE SHARES AND GOM WOULD OWN 60 PERCENT IN THE NEW BANK, TO BE CALLED THE BANK OF VALLETTA.

4. SUBSEQUENTLY, GOM OFFERED 9 PERCENT OF THE SHARES IT WOULD OWN IN THE NEW BANK TO THE BANCO DI ROMA, AND WRIGHT OFFERED 20 PERCENT OF THE SHARES TO BE OWNED BY THE AUSTRALIAN-AMERICANS TO THE BANK OF LIBYA. BOTH PARTIES ARE WAITING 20 DAYS FOR REPLIES FROM BANCO DI ROMA AND BANK OF LIBYA. IF ITALIANS AND LIBYANS DECIDE NOT TO PARTICIPATE, GOM AND WRIGHT WILL GO AHEAD ON A 60-40 BASIS.

5. COMMENT: ITALIAN AMBASSADOR MASSA BERNUCCI UNDERSTANDS FROM BANCO DI ROMA GENERAL MANAGER, VITTORIO GIACOMELLI, THAT LIBYANS ARE INSISTING ON 51 PERCENT CONTROL OF PROPOSED NEW COMMERCIAL BANK AND ARE THEREFORE UNLIKELY TO ACCEPT MINTOFF'S PROPOSAL. OTHER SOURCES INDICATE BANCO DI ROMA ALSO HAS COLD FEET. THE AUSTRALIAN-AMERICAN CONSORTIUM HAS BEEN REPORTED TO INCLUDE IN ADDITION TO WRIGHT A MR. GRAHAM DEMPSEY, A REPUTED DISTANT RELATIVE OF FIGHTER JACK DEMPSEY, AS WELL AS A MR. NORTON FROM HONG KONG. THIS GROUP HAS ALSO FREQUENTLY BEEN ASSOCIATED WITH AND AMERICAN IDENTIFIED AS EITHER LIMITED OFFICIAL USE

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PAGE 03 VALLET 00212 311622Z

CHARLES OR RICHARD MERRIWEATHER. EMBASSY EFFORTS TO CONTACT MERRIWEATHER HAVE BEEN WITHOUT SUCCESS. THE SERIOUSNESS AND RELIABILITY OF AUSTRALIAN-AMERICAN GROUP HAVE BEEN DOUBTED BY A NUMBER OF LOCAL BUSINESSMEN INCLUDING NATIONALIST PARTY LEADER AND JOHN MIZZI, CHAIRMAN OF MALTA DEVELOPMENT CORPORATION. AUSTRALIAN HIGH COMMISSION ALSO UNAWARE OF BACKGROUND OF THESE PERSONALITIES. THE EMBASSY WOULD APPRECIATE ANY INFORMATION WHICH

CANBERRA OR HONG KONG MAY BE ABLE TO PROVIDE.
DECONTROL JAN 31, 1975
GETZ

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